



## PRIORITIES OF THE STATE BUDGET

The approved 2026 state budget reflects ongoing uncertainties, particularly those related to geopolitical instability. Despite significant adverse factors affecting public finances, it has been possible to maintain record levels of investment in transport infrastructure, increase funding for education, science, and defence, and raise total spending on public sector salaries. All of this is included in the approved 2026 budget, which has a deficit of CZK 310 billion.

The 2026 State Budget respects these government priorities:

- Coverage of mandatory expenditures
- Reduction in electricity prices
- Savings in the state's operating expenses
- Real investments, especially in transport infrastructure and national defence
- Wage growth for public sector employees in line with the results of social dialogue (the average salary is increased by a total of 8.4% for state organizational units and contributory organizations)

## MACROECONOMIC ASSUMPTIONS FOR THE YEAR 2026

### Economic growth

Growth of the Czech economy accelerated in 2025, with GDP likely increasing by 2.5%. This year, the economy is expected to benefit from a recovery in corporate investment activity and continued growth in household consumption, so GDP could rise by 2.4% year-on-year.

### Inflation

Year-on-year inflation is expected to remain close to 2% throughout the entire forecast period. Thanks to sustained demand for labour and declining inflation, real wages will increase.

### Labor market situation

Despite partial imbalances related to labour shortages, the unemployment rate is slightly increasing, having possibly reached 2.8% in 2025. Strong demand for labour in services and construction will continue to mitigate the negative impacts of problems in industrial sectors. This year, the unemployment rate could remain at 2.8%.

## MAIN MACROECONOMIC INDICATORS

	2022	2023	2024	2025	2026*
GDP (nominal) CZK billion	7 050	7 660	8 058	8 524	8 957
GDP (real) growth in %	2.8	0.0	1.3	2.5	2.4
Consumer price inflation rate average in %	15.1	10.7	2.4	2.5	2.1
Employment growth in %	1.0	1.6	0.6	1.0	0.1
Unemployment rate (LFS) average in %	2.2	2.6	2.6	2.8	2.8
Long-term interest rates % p.a.	4.3	4.4	4.0	4.3	4.6
General gov. structural balance % of GDP	-2.4	-2.6	-1.7	-2.0	-2.2

\* prediction

Source: Ministry of Finance CR (January 2026)

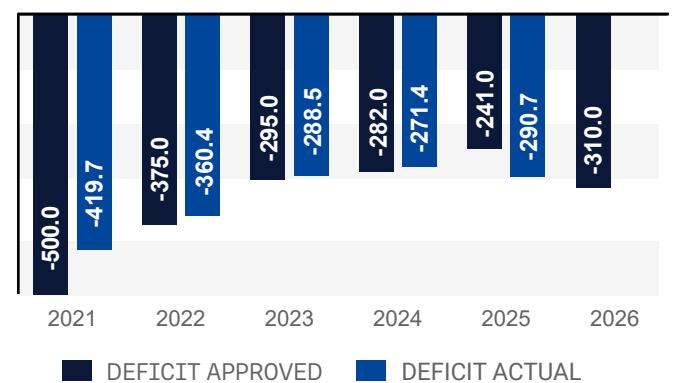
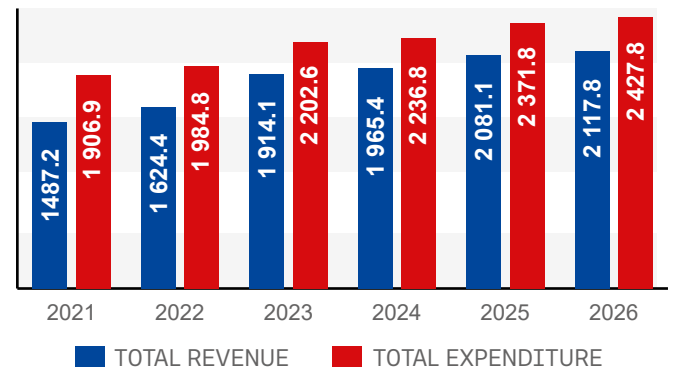
## 2026 STATE BUDGET IN NUMBERS

### BASIC INDICATORS OF THE STATE BUDGET 2026



\*OF WHICH CAPITAL EXPENDITURE: CZK 263.2 BIL.

### DEVELOPMENT OF REVENUE AND EXPENDITURE OF THE STATE BUDGET (in CZK bil.)



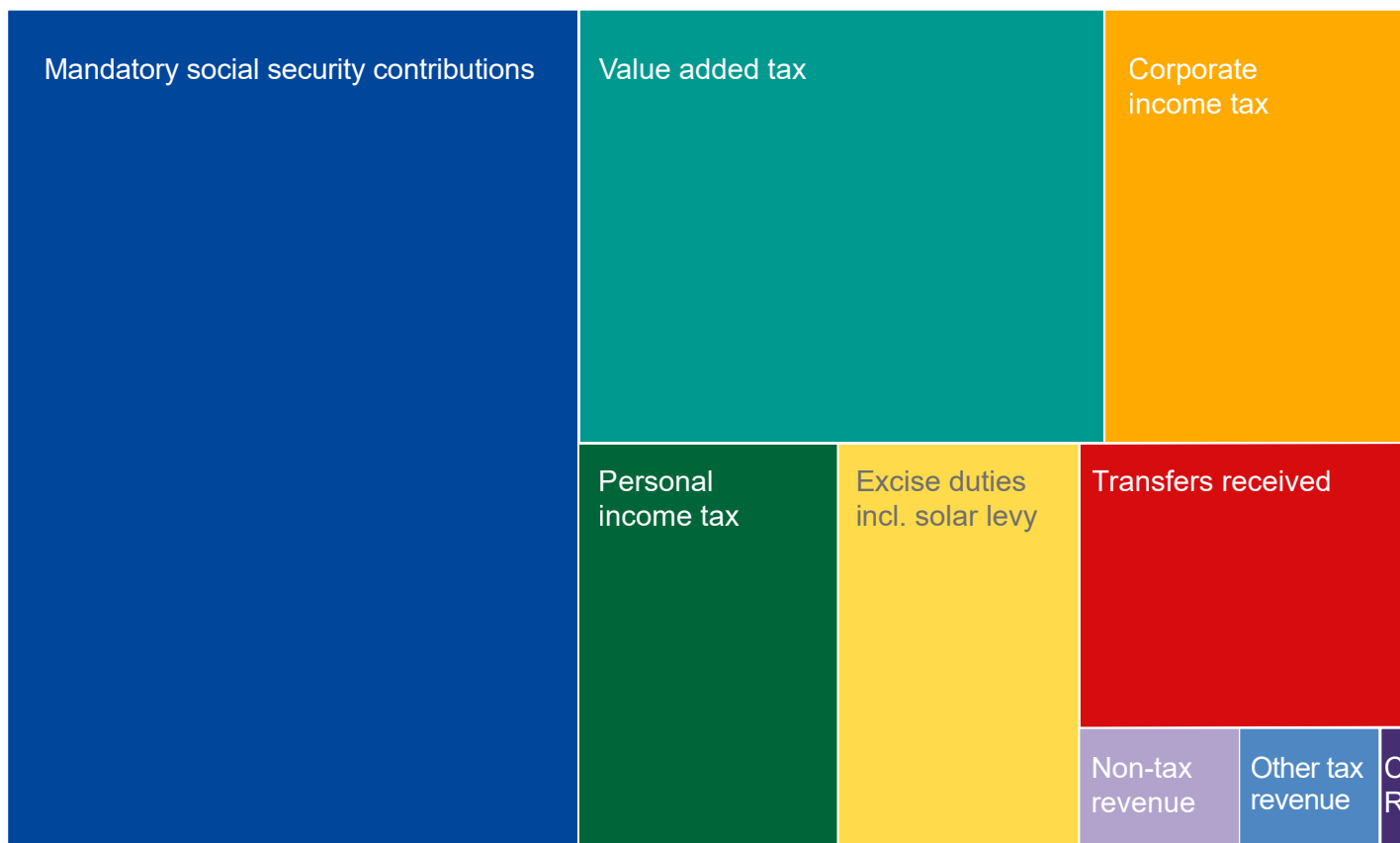
## BALANCE AND DEBT

	2022	2023	2024	2025	2026
SB balance in CZK billions	-360.4	-288.5	-271.4	-290.7	-310.0
SB balance as % of GDP	5.1	3.8	3.4	3.4	3.5
Government debt in CZK billions	2 894.8	3 110.9	3 365.2	3 677.6	3 991.2
Government debt as % of GDP	41.1	40.6	41.8	43.1	44.6
Debt service expenditure in CZK billions	49.7	68.3	88.5	98.1	110.0

Source: Ministry of Finance CR (January 2026)



## STATE BUDGET REVENUE FOR 2026



Mandatory social security contributions	867.7
Value added tax	416.0
Personal income tax	196.0
Excise duties incl. solar levy	170.1
Corporate income tax	234.8
Transfers received	161.7
Non-tax revenue	35.4
Capital revenue (CR)	5.3
Other tax revenue	30.9

in CZK billion

## MAIN CHANGES IN REVENUE

### Tax revenues

Tax revenues, including social security contributions, are expected to increase by CZK 75.4 billion year-on-year. Of this, income from social security contributions rises by CZK 58.3 billion. Tax revenues alone thus increase by CZK 17.1 billion year-on-year.

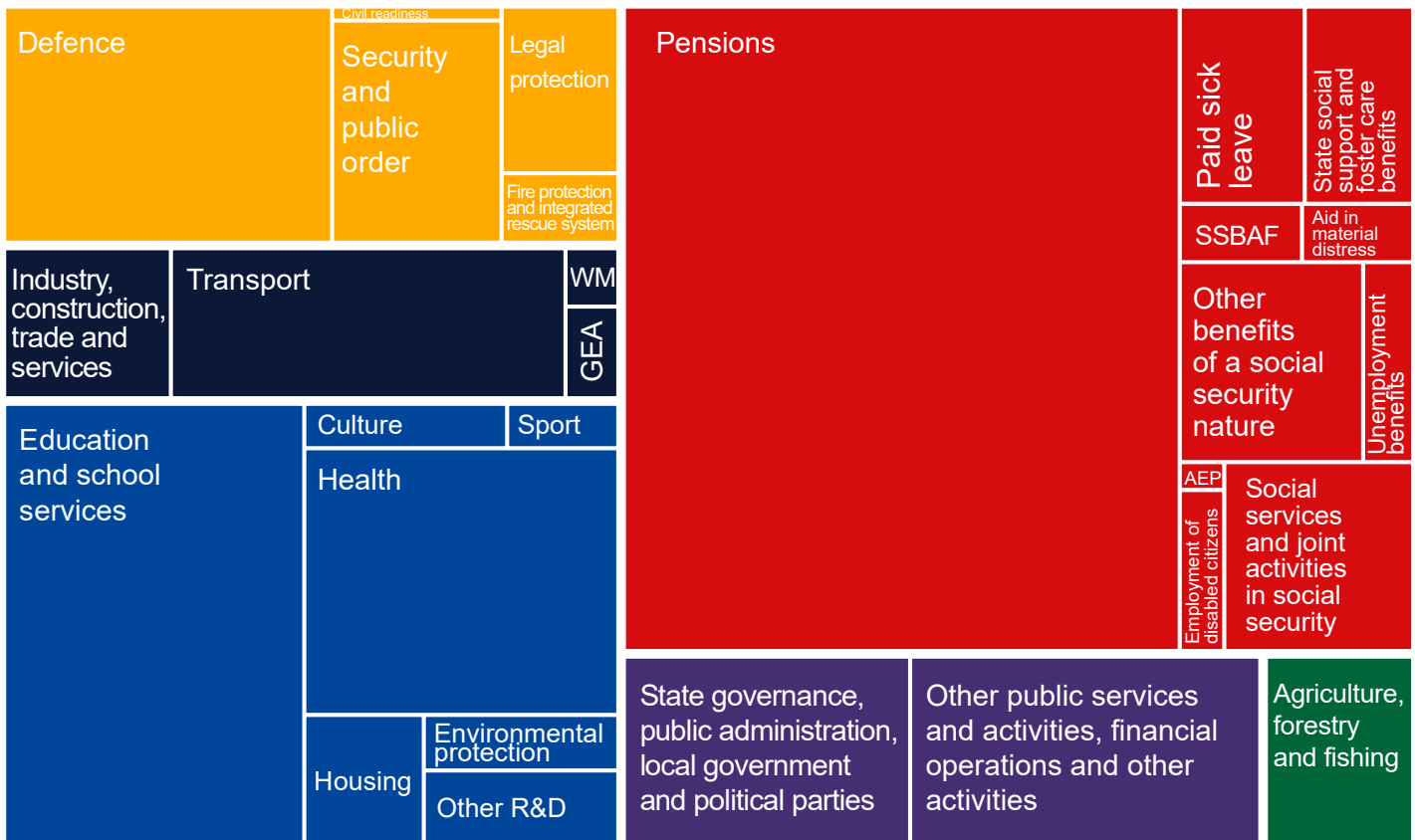
The tax quota for 2026 is projected at 32.4% of GDP. The tax quota is expressed as the ratio of revenue from taxes and public social insurance systems to nominal GDP. The definitions of tax revenue and GDP follow the methodology of the European System of National and Regional Accounts (ESA 2010).

### Non-tax revenues

Non-tax revenues (excluding EU and Financial Mechanism contributions) are expected to decline by CZK 3.5 billion year-on-year. Capital revenues (excluding EU and Financial Mechanism contributions) are projected to fall by CZK 29.3 billion. Revenues funded from EU and Financial Mechanism sources are expected to decrease by CZK 14.3 billion, reaching a total of CZK 139.3 billion.



## STATE BUDGET EXPENDITURE FOR 2026



Defence	163.0
Civil readiness for emergency situations	5.0
Security and public order	78.4
Legal protection	40.9
Fire protection and integrated rescue system	16.9
Industry, construction, trade and services	53.4
Transport	126.4
Water management + communications (WM)	6.4
General economic affairs (GEA)	9.9
Education and school services	275.4
Culture, churches and media	18.3
Sport and leisure activities	10.0
Health	173.4
Housing, Municipal services and territorial development	32.6
Environmental protection	22.5
Other research and development	29.6
Pensions	739.6
Paid sick leave	50.6
State social support and foster care benefits	44.1
Aid in material distress, Benefits for persons with disabilities	13.6
Other benefits of a social security nature	74.7
Unemployment benefits	20.6
Active employment policy (AEP)	2.6
Employee protection	0.4
Social services and joint activities in social security	73.2
Special social benefits for members of the armed forces and security services (SSBAF)	15.3
Employment of disabled citizens + Allowances for the social consequences of restructuring	14.9
State governance, Public administration	114.8
Other public services, financial operations	140.7
Agriculture, forestry and fishing	60.5

in CZK billion

## MAJOR CHANGES IN EXPENDITURE

Total expenditure (excluding EU and financial mechanism and excluding operations SZIF) is expected to rise by CZK 114.8 billion year-on-year. The most significant changes are in the following

**Ministry of Labour and Social Affairs**, where expenditure increases by CZK 42.3 billion to cover social payments.

**Ministry of Transport** expenditure increases by CZK 27.4 billion year-on-year to support infrastructure projects.

**Ministry of Industry and Trade** by CZK 24.1 billion

**Ministry of the Interior** expenditure rises by CZK 10.9 billion year-on-year to strengthen internal state security.

**State Debt** expenditure on debt servicing rises by CZK 10.0 billion year-on-year to CZK 110.0 billion.

**Ministry of Education, Youth and Sports** expenditure decreases by CZK 6.7 billion year-on-year due to the transfer of funding (through changes in tax allocation) for non-teaching staff to local authorities.

**Ministry of Defence**, where expenditure rises by CZK 0.5 billion year-on-year, with total defence spending across all chapters amounting to 2.06% of GDP according to the January macro forecast (2.1% of GDP according to the April macro forecast), and total expenditure across all chapters increases by CZK 23.9 billion year-on-year to a total of CZK 184.6 billion.

**General Treasury Administration** expenditure is budgeted CZK 2.7 billion lower year-on-year.

Other chapters also increase year-on-year: Ministry of Finance by CZK 3.5 billion, Ministry of Industry and Trade by CZK 24.1 billion, Ministry of Agriculture by CZK 3.8 billion, Ministry of Regional Development by CZK 2.2 billion, Czech Telecommunication Office by CZK 1.3 billion, Ministry of Justice by CZK 1.1 billion, and Administration of State Material Reserves by CZK 1.2 billion.